

CHAPTER 6

ANNUAL PERMANENT IMPROVEMENT PROGRAM

Under South Carolina Code Section 2-47-55, all state agencies responsible for providing and maintaining physical facilities are required to submit an Annual Permanent Improvement Program (APIP) each year. The purpose of the APIP is to provide the Joint Bond Review Committee and the Budget and Control Board with a comprehensive view of each agency's permanent improvement activities.

The APIP is designed to be the agency's facilities work program for the upcoming year. It should include all projects the agency expects to establish or have underway during the coming year using available funds. The APIP contains requests for new projects which the agency expects to establish during the coming year and also provides information on the status of existing projects.

The APIP serves three purposes. It provides a planning process for each agency to review its facilities needs and should reflect all permanent improvement activity the agency expects to undertake during the APIP year with available funds. It also provides a mechanism by which the agency can get its proposed new projects approved at the beginning of the fiscal year as a whole, without having to bring each request separately to the Joint Bond Review Committee and the Budget and Control Board for approval. It also allows the agency the opportunity to report on the status of existing, ongoing projects.

APIP Forms

The full Annual Permanent Improvement Program package contains several forms which the agencies must complete. Detailed instructions, a sample APIP, and a set of APIP forms are mailed to the agencies in February each year for APIP preparation. Because detailed instructions are sent to the agencies, only a brief description of each form is presented below.

Summary Statement

The summary statement summarizes the agency's facilities work program and ties the proposed new project requests to the overall program. It is the mechanism for the agency to describe any current project needs for which funding is not anticipated to be available during the next year. Specifically, the summary addresses the following questions: 1) What is the condition and adequacy of your existing facilities? 2) What is your approach to maintaining existing facilities in acceptable condition? 3) What are your major facility replacement and addition needs? 4) What is the theme of your APIP? How does it respond to questions 2 and 3?

Form A40: Summary of Project Budgets and Estimated Expenditures

The A40 form, entitled Summary of Project Budgets and Estimated Expenditures, is a summary of the agency's physical facilities work program for the APIP year. It covers all existing projects and all proposed new projects. The A40 consists of two parts. Part 1 provides entire project budgets for the overall program and estimated expenditures for the overall program by fiscal year for existing and proposed new projects. Part 2 provides the entire budget and APIP year expenditures for both existing and proposed new projects by source of funds. All information on the A40 comes from other forms in the APIP package.

Form A41: Agency Annual Permanent Improvement Program of Existing Projects

The A41 form, entitled Agency Annual Permanent Improvement Program of Existing Projects, is a computer-generated worksheet designed to enable agencies to provide expenditure-by-project information for existing projects by fiscal year. The form also requests the estimated completion date of each existing project. The A41 form is forwarded to agencies following the April 30 SPIRS cycle on or around May 1st. The form includes current approved budget levels as of April 30th for each existing project and requires the agency to complete expenditure information for each existing project by fiscal year time periods. The A41 form also includes a Source of Funds Summary of Existing Projects as of April 30th, which is returned as part of the full APIP submission.

Form A42: Proposed New Projects

The A42 form, entitled Proposed New Projects, is designed for requesting approval of new projects during the APIP submission. It contains substantially the same information as that contained on the A-1 form. The major components of the required information include a complete project description and justification, estimated project costs by cost categories, proposed sources of funds and a project schedule. The A42 form should be submitted only if there is a reasonable certainty that the funds for the project will be available during the APIP year. Each A42 form contained in the APIP should have an A-49 form for additional annual operating costs and savings attached.

Projects submitted on the A42 form should conform to the Permanent Improvement Definition, including the establishment of projects using state appropriated, Capital Improvement Bond and Capital Reserve Funds. However, the use of excess debt service funds, which require Board approval, for purposes not qualifying as permanent improvements under that definition may also be proposed as new projects in the APIP.

Form A59: Source of Funds Statement

The A59 form, entitled Source of Funds Statement, is a listing of fund sources available to the agency for permanent improvements during the APIP year. With this form, the agency demonstrates that the funds (revenues) are available to support both the existing and the proposed new projects at the expenditure levels being proposed for the APIP year. It displays for each fund source a beginning balance, estimated revenue for the APIP year, estimated expenditures for the APIP year, and the projected ending balance. This schedule helps the agency coordinate two crucial aspects of the APIP, namely, what resources are available for which projects.

Form A60: Estimated Expenditures by Project and Fund Source

The A60 form, entitled Estimated Expenditures by Project and Fund Source, is a listing of all existing projects and proposed new projects along with the total estimated expenditures by source of funds for the APIP year. It requires subtotals to be entered for each fund source for existing projects and for proposed new projects.

APIP Submission

Agencies submit the APIP to the Capital Improvements Unit in two parts. The A-42 forms for proposed new projects and associated A-49 forms are due on May 1st. The entire APIP package is submitted to Capital Improvements by June 1st and contains all forms described above. The original and

five copies of the APIP should be submitted at that time. The original should be submitted unbound so additional copies can be made if necessary. Copies are provided to the staff of the Joint Bond Review Committee and to staff of the Office of State Budget with the Budget and Control Board.

Section 2-47-55 mandates that APIP be approved by the Joint Bond Review Committee (JBRC) and the Budget and Control Board by August 1st each year. To meet that mandated approval date, APIPs must be received by June 1st because of the time required to prepare APIP documents for JBRC and Board approval. Educational institutions should submit their APIPs to the State Board for Technical and Comprehensive Education and the Commission on Higher Education on their schedules.

Capital Improvements Review of Agency APIPs

After the A42 forms for proposed new projects are submitted May 1st, the Capital Improvements analysts review each project with the agency to gain a full understanding of all aspects of the project. The analysts then prepare a summary of each proposed new project for each agency.

When the full APIPs are submitted June 1st, the analysts review all forms to make sure the information is complete and that all information balances between the various APIP forms. Then the Capital Improvements Unit compiles a summary document of all agencies' APIPs, including the summaries of all proposed new projects by agency and summary information on all agencies' existing projects. The Unit submits that document to the Joint Bond Review Committee and the Budget and Control Board for their approval of each agency's APIP requests.

APIP Approval

The Joint Bond Review Committee and the Budget and Control Board review and approve all agencies' Annual Permanent Improvement Programs before proposed new projects can be established. Under Section 2-47-55, the APIPs are required to be approved by August 1st of each year. In order to meet that deadline, the Joint Bond Review Committee usually reviews the APIPs in late June and the Board approves the APIPs at its July meeting. After Board approval of APIP, the Capital Improvements Unit notifies each agency of the projects approved or disapproved by JBRC and the Board.

Establishing APIP Projects

To establish a proposed new project approved in APIP, the agency submits an A-1 form to the Capital Improvements Unit when the funds for the project become available to the agency during the APIP year. The A-1 form should include the same information supplied on the A42 form as part of the APIP submission. The project name, scope, budget and sources of funds should be consistent with that proposed in the APIP. If they are, no additional approvals are needed. If the project scope, budget or source of funds are not consistent with those proposed and approved in APIP, additional JBRC and Board or staff approvals may be necessary. When the A-1 form is submitted, the Capital Improvements Unit assigns a project number and work on the project can begin.

If a project is proposed in APIP but not approved by the Joint Bond Review Committee and the Budget and Control Board, it is possible the project can still be established during the APIP year as an interim project. The agency should submit an A-1 to the Capital Improvements Unit and the project

request is treated as any interim project requiring JBRC staff or full JBRC and Board approval, depending on the budget amount.

Any request to establish new projects authorized in the APIP should be submitted by June 30th. Projects authorized in the APIP which are not established by June 30th of the APIP year will have to be requested again, either as a new project in the following year's APIP or as an interim project. The authorization in APIP does not carry forward into the next APIP year.